

**STATEMENT BY EDWARD WYTKIND, EXECUTIVE DIRECTOR  
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**BEFORE THE  
SENATE COMMERCE, SCIENCE AND TRANSPORTATION COMMITTEE**

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***The Viability of the Airline Industry in the Current Economic Climate***

**October 2, 2002**

My name is Edward Wytkind. I am the Executive Director of the Transportation Trades Department, AFL-CIO (TTD). I am pleased to appear before you on behalf of the 35 affiliates including the member unions of our Aviation Coordinating Committee.<sup>1</sup> Mr. Chairman and members of the committee; thank you for allowing us the opportunity to share our views on the state of America's airline industry.

While I know you will hear a great deal about the many economic and policy issues that are contributing to this industry's severely depressed state, I would like to offer the perspective of transportation labor and specifically the hundreds of thousands of men and women employed in the aviation industry who form the backbone of air transportation in this country.

America watched with disbelief and horror as the events of September 11 played out before our eyes. For the dedicated workers in this industry, the attacks were especially horrendous – for the first time in America's aviation history a domestic air carrier, our members' workplace, was used to carry out an act of terrorism in the United States. As you know, 33 pilots and cabin crew members died on-board the aircraft used as weapons of destruction. Several hundred more union members, from firefighters and police whose courageous acts still inspire us, to those who simply went to work that day, perished

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<sup>1</sup>Attached at 1 is a list of TTD's 35 member unions.

as well.

Obviously, in the days, weeks and months that followed, the nation's airline workers – our members – knew that air travel in America would never be the same. We recognized immediately that security would take on significantly greater importance and that business as usual was going to change. And indeed, immediately after September 11 our members were the first to bear the brunt of the economic consequences of this horrendous act of terror. A year later, this industry has not rebounded and tens of thousands of airline employees are either laid-off or face the uncertain future of downsized and possibly bankrupt airlines. In addition, unless Congress extends unemployment benefits before it adjourns, these laid-off employees will exhaust their benefits and will face a future with no hope of receiving even the most basic government assistance.

### **State of Economy and Aviation Industry**

At the outset, let me state that no one cares more about the safety and the economic health of the aviation industry than the employees whose livelihoods depend on strong airlines. We agree that something must be done to stabilize this vital sector of our economy. We cannot lose sight of a simple fact: for airline workers and their families, the survival of this industry means the ability to pay the mortgage, send the kids to college and protect retirement security. In this slumping economy, when a worker gets a pink slip, the economic security that he or she fought so hard to obtain can disappear without warning and with little recourse. And for the millions of Americans who rely on air service, we must stop this industry's financial tailspin and do everything we can to ensure their safety and security.

As we evaluate the state of the airline industry, we must also look to the continuing weakness of the overall U.S. economy. There are currently more than 8 million Americans out of work, with 2.8 million workers being jobless for 15 weeks or more. Nearly 430,000 workers ran out of unemployment benefits in July – an increase of 67 percent over last year. Unemployed workers today have the dubious distinction of making the Top 10 list of "worst months" of unemployment insurance exhaustion since the Department of Labor began tracking this data three decades ago. There is still no sign of turnaround in the manufacturing sector – including aircraft producers such as Boeing – where almost 1 million workers have lost their jobs in the last year.

This desperate situation facing working families is what inspires the labor movement to demand action by Congress and the President to extend unemployment benefits and to provide assistance to the millions of men and women who face a future with little hope of obtaining long-term employment and with the very real prospect of losing health care insurance. It seems to us that the greatest economic power in the world should be able to find the political will and the resources to stop the hemorrhage in

our economy and protect the livelihoods of so many Americans who are suffering.

With that backdrop, one of the hardest hit segments of the economy is the airline industry. We have all seen the data and it paints a bleak picture for airlines, their workers, air travelers and the economy. According to the Air Transport Association, airline industry losses in 2001 were \$7.7 billion. Projected losses in 2002 may again exceed \$7 billion and in 2003 the situation may improve slightly, but in the process service and jobs will be slashed, aircraft purchases will be deferred and canceled, and travelers will pay the price with diminished choice, lost frequency and a lower quality of service. The forecast will surely worsen however if, as it appears likely, we go to war with Iraq. A hike in fuel prices alone will have an immediate and devastating impact.

Aviation industry workers, including employees of airlines, Boeing and aerospace suppliers, and airports, have suffered unprecedented job loss and economic uncertainty. Some 100,000 airline employees are out of work or facing imminent lay-off. Another 30,000 Boeing workers are laid-off along with 51,000 additional aerospace employees. But it is the multiplier effect of airline lay-offs that is most startling. Airline industry data show a combined workforce exceeding 600,000. However, the total workforce, if related job sectors such as airports, aircraft manufacturing and suppliers are included, totals 10.9 million. In other words, one airline worker translates into 18 additional jobs in our economy. And with bankruptcies looming large, it is easy to conclude that the staggering job losses will only grow.

### **Proposed "Fixes"**

Unfortunately, at a time when this industry needs to collaborate with its employees to reverse this severe financial downturn, it appears some want to direct attention at "scapegoat" issues that attach blame for these problems to airline employees and their collective bargaining rights. As we have demonstrated time and again, aviation labor is dedicated to preserving the future of this industry but will oppose those who would have Congress believe that the latest financial crisis can be "solved" on the backs of airline workers.

As Congress and this Committee responded to the economic crisis facing the industry last fall, it enacted a package of economic assistance, supported by TTD, that included \$5 billion in direct assistance and \$10 billion in federal loan guarantees. While the legislation failed to provide relief to jobless airline and other industry workers as we had insisted, the bill did create a framework that was expected to give air carriers the chance to recover from the staggering losses associated with 9/11. Unfortunately, the loan guarantee program, administered by the newly created Air Transportation Stabilization Board (ATSB), has not lived up to the expectations of Congress.

The fact is that nothing in the emergency relief legislation was intended to saddle applicants with such onerous requirements that would actually deter air carriers from taking advantage of this important assistance. Moreover, it was not the intent of Congress to allow the ATSB to exercise such broad powers to directly intervene in the collective bargaining process in carrying out its responsibilities.

To this day, one applicant, America West, has secured a loan guarantee. American Trans Air (ATA) last week received conditional approval for a \$150 million loan guarantee. And USAirways' attempts to seek a loan package met with such resistance from the ATSB that the airline eventually filed for bankruptcy protection. What is clear is that these applicants and many others were subjected to a bureaucratic and unwieldy process as well as grossly unrealistic demands for employee wage concessions that did not reflect the will nor the intent of Congress. A bipartisan Congress moved quickly to shore up a vital industry and its workforce and clearly intended to build a bridge from 9/11 to a day when the industry's financial fortunes would stabilize. That underlying principle has hardly defined the ATSB's work to date in processing applications for federal assistance. Mr. Chairman, I would like to submit for the record a policy resolution that was adopted yesterday by

our Executive Committee which calls on Congress to curb the ATSB's overreach into the collective bargaining process, to expedite the loan guarantee process and to extend the arbitrary deadline for submitting applications to the Board.<sup>2</sup>

There are some policy proposals that should be debated. The major airlines have offered a number of legislative solutions intended to relieve them of what they term as "excessive" federal fees and costs. It is certainly understandable why the industry's attempts to gain additional economic relief from the government have drawn criticism from some in Congress, especially since we continue to witness air carrier inspired legislative attacks on the rights of airline workers. Our members have grown accustomed to the airlines' tactic of "blaming someone else" when economic trouble strikes.

Nevertheless, although the dedicated employees of this industry are weary of these tactics, Congress should consider the industry's economic relief proposals in the context of finding ways to stabilize the deteriorating finances of airlines and halt the alarming rate of lay-offs and furloughs. Overall, our government must come to grips with the fact that airline security is a national responsibility and has become an important element of our national defense and homeland security. We agree with the contention that certain costs, such as the deployment of new security technologies and the staggering price for "war risk" insurance, cannot be financed entirely by the airline industry and its employees. Furthermore, a war with Iraq could have consequences from which the industry, in its current fiscal state, may not recover. The fact is that aviation security has become one of America's top homeland security objectives. Congress will, of course, have to ensure that whatever temporary or long-term relief is afforded to the airlines does not come at the expense of funding needed for our air traffic control system and airports.

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<sup>2</sup>Attached at 2 is TTD's policy resolution "The Air Transportation Stabilization Board Must Comply with Congressional Intent"

The airline industry is far too important to our economy and our national security to allow the current fiscal tailspin to continue. With the war on terrorism growing in size and intensity, the importance of U.S. airlines – and its workforce – will grow as well. We are urging Congress and the President to insulate the airlines, their employees and passengers from paying the astronomical price for national security responsibilities that should be part of our national defense and homeland security. Clearly, this industry is being saddled with expenses related to the war on terrorism, which is a federal responsibility. These costs are unsustainable unless Congress funds them through the national security and defense mechanisms, not as expenses imposed on the airlines.

Transportation labor will work with the carriers to urge Congress to take action before it adjourns but we cannot push for a package of airline assistance related to the war on terrorism if it fails to include relief for jobless aviation industry workers.

## **Relief for Workers**

Even as Congress and the President consider providing additional assistance to the airlines, we remain committed to securing federal assistance for the skyrocketing number of laid-off workers.<sup>3</sup> One of our most bitter disappointments is the inaction of our government to help the thousands of aviation industry workers who, through no fault of their own, lost their jobs following the 9/11 attacks. Last fall, we mobilized behind Senator Carnahan and her worker relief bill to provide extended unemployment benefits, training and retraining assistance and a health care safety net for laid off airline industry workers. Although the bill was killed by Republicans who waged a filibuster, airline workers and their families owe a debt of gratitude to Senator Carnahan for her dedication, hard work and unwavering support to this day. Senator Carnahan, transportation labor intends to continue this fight with you. We will not again allow hollow promises to put off what is the right thing to do for airline workers.

We propose a four point plan that would provide laid off airline industry workers with (1) 26 weeks of extended unemployment compensation, (2) a 75 percent federal subsidy for health care coverage, (3) training and retraining assistance, and (4) hiring preference for laid off airline workers to fill the thousands of remaining federal security positions at the TSA.

The same rationale that led Congress to enact emergency legislation providing \$15 billion in relief for air carriers should have inspired lawmakers to do the right thing for workers who endured economic hardship of unprecedented proportions. This is especially disturbing since it appears that the turnaround we had hoped for will not materialize anytime soon and at the same time laid-off workers are bracing for

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<sup>3</sup>Attached at 3 find a policy resolution unanimously adopted on October 1, 2002 by TTD's Executive Committee, "The Aviation Industry and the War on Terrorism."

pending bankruptcy reform legislation that would force them to carry their debts for the rest of their lives.

We will not rest in our effort to convince Congress to pass an extension in unemployment insurance and to finally address the fact that too many Americans face a future without health insurance. To this day, our members wonder why Congress and the President failed to address the desperate needs of airline workers in their darkest days – as the labor movement had advocated when the airline bail-out bill was pending last fall – and why now Congress appears poised to leave for the fall elections without finishing the job. Let it be stated today that thousands of airline and other workers will exhaust their jobless benefits and will lose their health insurance in the months between congressional adjournment and when the 108<sup>th</sup> Congress convenes.

### **Security and Confidence in Air Travel**

For airline workers nothing is more important than the security and safety of the air transportation system – their workplace. For current employees and future generations of workers in this industry, the September 11 attacks will serve as a painful reminder of the many unexpected dangers they face

on the job. Both during and following these brutal attacks, airline workers, air traffic controllers and other government employees such as FAA technicians and inspectors demonstrated their commitment, courage and skill. I urge you to consider the contributions of employees, especially the thousands of workers who reported to work just a few days after 9/11 – when the nationwide ground stop was lifted by our government, and to this day staff the front lines of this nation's dedicated aviation workforce. I also urge you to ensure that our government and the air carriers listen to the workers in this industry who can offer hands-on experience in developing and implementing aviation security measures. That was not the case in the weeks following 9/11, as a number of proposals, including those geared towards addressing passenger and cargo security risks in the nation's airports, were developed without the input of airline employees.

These issues are especially important because until we answer the typical weary air traveler's questions about the safety and security of air transportation, the economic state of this industry will continue to erode. Airline workers know all too well that for our industry and our nation to rebound and thrive, we must restore faith in the safety and ease of air transportation in America. In other words, we must not allow other issues to distract us from our mission: to bring the American traveler back to the safest airline industry in the world and to demonstrate our resolve to never again allow acts of terror to be carried out in our air transportation system.

Congress has a large responsibility to play as well. We will continue to push for more resources to ensure the proper deployment of security measures and will join the airlines and the airports in calling on you to fund more of the extraordinary costs associated with meeting the nation's airline security needs. We will not, however, support the unwarranted roll-back of aviation security requirements simply

because of costs; indeed, we will join in making the case for more federal resources, but we cannot support actions that will ultimately contribute to air travelers' already shaken confidence. Worker training is especially important in these times, as training under existing practices and federal mandates is not and never was geared towards situations such as the 9/11 attacks. We are pleased to see progress in this area but much more can be done that will contribute greatly to the preparedness of our aviation workforce and, by extension, to the security of air travel. We also hope this Committee will urge the TSA to act promptly on the credentialing of airline and airport employees and to develop and implement a new security screening process for these employees.

We must also assert our strongly held view that aviation security and workers' rights are compatible and not conflicting propositions. Federal workers' rights to collectively bargain and whistleblower protections have unfortunately become one of the core subjects of disagreement in pending legislation to create a new cabinet level Department of Homeland Security. This unfair assault on workers' rights is especially disturbing to transportation labor as no one questioned the important role in our homeland defense that air traffic controllers and other FAA employees – essential members of our federal workforce – played in carrying out orders to land almost 5,000 planes in about two hours without serious incident or mishap. Their dedication and commitment to defending

the security of America was never questioned and we urge Congress to move on with Homeland Security legislation, leaving the collective bargaining rights of the new agency's employees intact. Completion of this important legislation will contribute a great deal to making Americans feel safer and more secure about flying.

### **Looking Ahead**

Unfortunately, the future of the aviation industry is uncertain at best. There is no uncertainty, however, about the importance of air transportation to America. In the weeks and months ahead we will advocate for policies that reverse the shaken confidence of air travelers. We will insist on ample federal resources to cover the cost of security. We will join the debate over the fees and taxes paid by the airlines and consider what costs are intrinsically linked with defending America's homeland security and thus should be borne by our government. We will defend the collective bargaining rights of aviation employees and oppose industry attempts to vilify our members who struggle to manage through these difficult times. We will urge you to ensure that all the benefits of the emergency relief legislation enacted last fall are realized. And we will continue to push Congress and the President to further extend unemployment benefit for laid-off workers and to consider the millions of American workers who face the loss of health care coverage in this reeling economy.

The labor movement is dedicated to stabilizing the finances of the nation's airlines and securing our airways for the nation's air travelers and our members. This industry is extremely crucial to our economy, to every community in America and to millions of working men and women.

We look forward to working with this committee and thank you for allowing us the opportunity to share our views.